

Senate Bill No. 2197

CHAPTER 307

An act to amend Sections 51345 and 51348 of the Health and Safety Code, relating to housing.

[Approved by Governor September 1, 2000. Filed
with Secretary of State September 5, 2000.]

LEGISLATIVE COUNSEL'S DIGEST

SB 2197, Soto. Home purchase assistance.

The Roberti-Greene Home Purchase Assistance Program, administered by the California Housing Finance Agency, requires (1) that the amount of home purchase assistance not exceed the amount necessary to make the total debt financing affordable to eligible households, (2) that the principal and interest that is due be reduced if the proceeds of a sale are insufficient to reimburse the original downpayment, and (3) that not more than 50% of the assistance be provided for homes not previously occupied.

This bill would repeal requirements (1) and (2) above, and recast requirement (3) as an expression of the intent of the Legislature.

The people of the State of California do enact as follows:

SECTION 1. Section 51345 of the Health and Safety Code is amended to read:

51345. (a) The agency shall administer a home purchase assistance program in accordance with this chapter. The purpose of the home purchase assistance program is to assist first-time homebuyers to utilize existing mortgage financing available pursuant to this part or Division 4 (commencing with Section 800) of the Military and Veterans Code with the additional financial resources made available pursuant to Part 8 (commencing with Section 53130).

(b) Home purchase assistance under this chapter shall include, but not be limited to: (1) an interest rate subsidy to reduce the interest rate, (2) a deferred-payment, low-interest, second-mortgage loan to reduce the principal and interest payments, and (3) downpayment assistance to make financing affordable to first-time homebuyers.

(c) In no case shall the interest rate subsidy reduce the effective interest rate to the borrower below 3 percent per annum, nor shall the deferred-payment, low-interest, second mortgage loan exceed 49 percent of the total debt financing necessary to purchase the home.

(d) The amount of home purchase assistance shall be a second mortgage loan secured by a deed of trust of second priority to the primary financing provided by the agency or the Department of Veterans Affairs. The term of the home purchase assistance shall not exceed the term of the primary loan.

(e) The amount of home purchase assistance shall be due and payable at the end of the term, upon the sale of the home, or upon refinancing. The borrower may refinance the mortgages on the home if the principal of and accrued interest on the second mortgage loan securing the home purchase assistance are repaid in full. All repayments shall be deposited in the fund.

SEC. 2. Section 51348 of the Health and Safety Code is amended to read:

51348. It is the intent of the Legislature that no more than 50 percent of the home purchase assistance provided under this chapter shall be for the purchase of homes that have not been previously occupied.

